

THE TRANSPORTATION LINK



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Sean M. Moss
Director of the
Office of Small and
Disadvantaged
Business Utilization

It is hard to believe that six months have already gone by since the tragedies of September 11. The human loss is something that we will never get over. In the half-year that has transpired however, some of the small businesses in the transportation community have communicated with us on how this tragedy has affected their ability to conduct business.

As a result of discussions within the DOT Office of Small and Disadvantaged Business Utilization (OSDBU), we thought that it might be helpful for our community to have OSDBU feature the stories of some of our small businesses that work within the airline industry in the New York City and Washington D.C. regions. Our intent is to share information with you and to try to show that none of you have been alone in dealing with the challenges of the past six months.

For those of you who have had your businesses affected by the tragedies of September 11, we recognize and respect your efforts to adapt and hold strong in an effort to continue to run your business and provide a livelihood for yourself and your employees.

This has been a time when many of us have reflected on our fears, our strengths, and our values. The businesses featured in this newsletter are representative of what many small businesses have gone through...and are still going through. Their stories have been an inspiration to all of us.

Life After September 11 – The Stories of Four Small Businesses

As we pass the half-year anniversary of the tragedies of September 11, it seems appropriate to consider how these events have affected small businesses in the U.S. Department of Transportation (DOT) small business community. We thought that many of you across the country might be interested in hearing the first hand stories of how four small businesses that work within the airline industry in the New York City and Washington D.C. regions have been affected.

Background on Short-Term Impact at Airports

The U.S. commercial airspace system was closed immediately following the tragedies on September 11. Most airports had a limited reopening on the 12th and then opened shortly thereafter under vastly tightened security guidelines.

Ronald Reagan Washington National Airport (National Airport) remained closed for approximately three weeks due to its close proximity to the Pentagon and Washington, D.C. On October 4, a phased reopening of National Airport began with eventual authorization to return to pre-September capacity by April 15.

In the time that followed, there was a heightened sense of security within airports and on aircraft. Many people were afraid to fly, resulting in fewer flights, less passengers on flights, and a lower volume of people in airports. Many airport budgets were frozen as a result of reduced revenues, increased security expenses, and uncertainty regarding the future. Consequently, many airport and airline projects and expenditures were postponed or cancelled.

The Airports

The four businesses that we spoke with all work in the airline industry and all conduct business at the airports in the New York City and/or Washington D.C. area. To provide some background on what the airports were experiencing at this time, we spoke with small business representatives at the Port Authority of New York & New Jersey, the Council for Airport Opportunity, and the Metropolitan Washington Airports Authority (MWAA). In the New York City area, LaGuardia Airport, John F. Kennedy International Airport (JFK), and Newark International Airport are all operated by the Port Authority of New York & New Jersey. In the Washington D.C. area, Ronald Reagan Washington National Airport and Washington Dulles International Airport are managed by the Metropolitan Washington Airports Authority.

The airport authorities receive fees for services provided. The majority of these revenues are received from the airlines. The airport authorities also receive payments from the concession operators within the airports. These concession payments usually consist of rent plus a percentage of gross revenues, frequently with a minimum annual payment.

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wants to hear from you! Call us toll-free at 1 800 532-1169 with questions or comments about this newsletter or our web site. The Transportation Link's content may be reprinted without permission.

Airport authorities have a broad range of business relationships with small businesses. For example, they frequently work with concessions operators, parking lot operators, bus transportation, maintenance services, security screeners, and construction firms. They might have short-term contracts, long-term contracts or no contractual obligations with these small businesses.

Recently there has been a record amount of "re-imagining and re-inventing" (redesign and expansion) at our airports that has resulted in additional opportunities for small businesses to work for the airport authorities. Correspondingly, many small businesses that work for the airport authorities have become 100% dependent on the airline industry.

After September 11, revenues dropped for the airlines and, as a result, revenues dropped for businesses (large and small) working for the airport authorities. The Metropolitan Washington Airports Authority, instituted a budget freeze immediately after September 11.

The Port Authority of New York & New Jersey was further compelled to reassess its financial position and business priorities since its headquarters were located at the World Trade Center. Delays in conducting business were consequently experienced as a result of the tragic loss of life and the loss of many administrative resources.

Both airport agencies felt a commitment to honor all existing contracts; however, they felt obligated to postpone all non-essential expenses. Some projects have been delayed and other, future projects may even be cancelled as a result of airline and/or airport agency review.

The situation at Ronald Reagan Washington National Airport was different from that at other airports. As stated above, National Airport remained closed for approximately three weeks due to its close proximity to the Pentagon and Washington, D.C. On October 4, a phased reopening of National Airport began with eventual authorization to return to pre-September capacity by April 15.

At the end of 2001, the Metropolitan Washington Airports Authority was provided \$40 million in federal assistance for National Airport. About \$10 million of that went to the concessions operators.

SMALL BUSINESSES

William Swift, *Business Traveler Services, Inc.*

William Swift is an owner of *Business Traveler Services, Inc.*, (also recognized in airports as BTS), with headquarters in Atlanta, Georgia. *Business Traveler Services* provides services such as ATMs, business workstations, pre-paid phone cards, and Internet access within the airport facilities. The firm is a certified Disadvantaged Business Enterprise (DBE).

Mr. Swift is a concessions operator in multiple airports. His company physically has facilities in the airports. To a great extent, his revenues are directly related to the number of travelers passing through the airport. As result of September 11, he has had to reduce his staff at LaGuardia airport and he is trying to cut back on his hours of operation there. The effect has been more severe at Kennedy International Airport (JFK) because international travel has been affected even more dramatically than national travel.

There are other issues that have been a factor to the extent that *Business Traveler Services* has been affected at different airports. For example, the contractual language that the company has with some of the airport facilities gives them the right to back out of their contractual obligations if there is an act of war. *Business Traveler Services* had that language in one airport contract, but not in other contracts.

Many of the facilities of *Business Traveler Services* are located within the airport before the security checkpoints. Since travelers are concerned about the length of time required to get through security checkpoints, they do not stop as much anymore.

Mr. Swift thinks that airports need to seriously reassess some of their business policies now that we all are experiencing some serious changes in the airline industry as a result of September 11. For example, some airports immediately gave rent abatement or forgiveness to concessions operators, while others have chosen not to or are still considering that option. Mr. Swift has been very frustrated because he feels that some airports treat the concessions operators more as partners than other airports. He wishes that the airport authorities would say that, "Conditions have changed, at no fault of yours. Let's sit down and see what we can do to make things work for everybody."

Mr. Swift thinks that his company is doing as well as can be expected under the circumstances. He says he generally runs a lean operation anyway. He recognizes that the fact he has multiple locations and multiple services is an advantage for him. He also thinks that it helps that his services appeal to a broad range of the traveling public.

Another area of concern to Mr. Swift is the relationship that airport concessions operators have with financial institutions. He says it has taken years to get the financial institutions (banks in particular) to provide support to airport concessions operators. September 11 has caused these businesses to lose some of the credibility for which they have worked hard. Many financial institutions now see them as high risk.

Mr. Swift recently spoke in a hearing before Congress on many of the issues that he discussed with us. He hopes that the airport authorities will soon be able to focus not just on their new security challenges, but also on how best to serve the traveling public in airport facilities post September 11.

You can contact Business Traveler Services by phone at (404) 223-5400, by e-mail at admin@selectbts.com, by fax at (404) 223-5655, or visit their web site at <http://www.selectbts.com>.

Jack Cherry, *Cherry Office Products*

Jack Cherry is the owner of *Liberty Office Supply Limited*. His company does business as *Cherry Office Products*, in Richmond Hill, Queens, New York. They have been in the office furniture, supply and equipment business at the same location for thirty years. Located on the access road to John F. Kennedy International Airport, a large portion of their business has always been with the airport.

Shortly after September 11, *Cherry Office Products* received phone calls from several of the airlines and contractors that they had been conducting business with, or projected to do business with, at Kennedy International Airport. For example, one airline had cancelled a contract to expand another terminal. Associated modifications at the JFK International Arrivals Terminal (IAT) were significantly reduced. This work represented a significant amount of projected business for *Cherry Office Products*. Both projects represented revenues that Mr. Cherry and his company were counting on in the very near future, and could not quickly be replaced.

Cherry Office Products made adjustments by cutting back on staff and looking for more business outside the airport. Currently, Mr. Cherry says the company is not doing as well as before September 11, but it is doing better than a few months ago. He states, "You have to sell at a high volume to be successful in the office furniture, supply, and equipment business. It wasn't easy prior to September 11, but now it is even harder."

Mr. Cherry's advice to other businesses in his situation is to go after something else within their marketplace. He says, "Don't just sell the widget, sell the connecting widget....and maybe you should try to sell it to new people. Think outside the box."

Before September 11, *Cherry Office Products* received approximately 45% of their revenues from the airports. Now that number is down to about 19%. The rest of their revenue comes from the

private sector. Mr. Cherry hopes these aren't permanent changes, but he says it is hard to tell whether the construction projects will come back and if they do...when that will happen. He makes the point that, "The airlines only have so much money to spend. If they have increased needs to spend money on security, there is less to spend on other things."

When asked whether there is anything that he wishes he had done differently after September 11, Mr. Cherry states that he thinks he has been doing the right things. He says his goal has always been "...to provide top-notch service...Tiffany-type service... at a reasonable cost." As long as there is business out there, he is confident that he will be very competitive.

He wishes the best to other readers who have been affected by September 11 and he emphasizes to us all that "It is small businesses that run our country!"

You can contact *Cherry Office Products* by phone at (718) 297-3000, by e-mail at cherryop@aol.com, or by fax at (718) 297-2986.

Corliss Stone-Littles, *ARP Consulting, LLP*

Corliss Stone-Littles is the founder of *ARP Consulting*, headquartered in Chicago, Illinois. This firm provides the services of multi-disciplinary program managers specializing in transportation issues, especially issues pertaining to airports. *ARP* manages financial, technical, and legal issues that face airports.

The company consults on the planning of capital improvements such as new airports and capital projects within airports (such as rental car facilities). They help put the deal together looking at the financial, legal, practical, and technical feasibility of projects. They analyze the impact of capital projects on all parties involved...usually the airlines or the airport operators. *ARP* is also involved in the implementation of these

projects.

ARP Consulting usually works under contract to the airports. The work they do is very project oriented and as a result, they usually have short-term contracts.

Immediately after September 11, Ms. Stone-Littles experienced a tremendous impact on her business. The business day before September 11, she was negotiating the final terms of a Letter of Interest for a consolidated rental car facility in Memphis, Tennessee. She was working on new concessions plan for Memphis as well. Both of these projects were cancelled within five days. Both represented a substantial level of marketing effort and would have represented a substantial contract for *ARP Consulting* over a significant period of time.

Shortly thereafter, an air-services marketing contract for one of the firms existing clients came up for reevaluation. The airport had decided to cut back most contracts by at least 20% and completely eliminate others. This contract was extended for six months rather than one year with sixty days notice of termination. Normally, this contract keeps six people busy for a whole year, representing twenty percent (20%) of the revenue of *ARP Consulting*. Ms. Stone-Littles hopes that all of those projects will come back eventually.

Ms. Stone-Littles used to work for United Airlines before she founded *ARP Consulting*. Her specialized expertise, and the corresponding expertise of her firm, makes it a niche firm that sells a very specialized service. After September 11, she has tried to shift company services somewhat to track airlines and their recovery rates. She has also tried to shift some of their research to particular client needs created by post September 11 conditions.

In the meantime, some of Ms. Stone-Littles's staff members have cut back on the number of hours they work to eliminate laying off other staff members.

Ms. Stone-Littles recognizes that when you work in the field of planning, your projects are frequently not the first priority and will probably take a back

seat to emergency projects.

In the meantime, Ms. Stone-Littles believes that it is very important to stand by the airports and maintain a strong, long-term relationship with them. She recognizes that what is good for the airports is good for her.

One of her big challenges has been with her access to credit post September 11. Her experience has been that banks are more reluctant to work with small businesses in the aviation industry now.

Ms. Stone-Littles believes that this crisis is far from over. The urgency has moved to security. The industry is a long way from being back to normal. She recognizes that since her firm does not provide an essential security service, they may be on the tail end of the recovery.

You can contact ARP Consulting by phone at (708) 386-2550, by e-mail at ARPPRES@aol.com, by fax at (708) 386-2551, or visit their web site at <http://www.arpconsulting.com>.

Fred Catanese – Airway Maintenance

Airway Maintenance, founded by Fred Catanese and headquartered at John F. Kennedy International Airport (JFK) in the New York City borough of Queens, provides building services for a number of airlines in the tri-state area. The firm works inside airports, including JFK and LaGuardia.

Immediately after September 11, Mr. Catanese's firm was told to stop work during the airport shut down. They were not able to go to work for a couple of days, but they were still paid.

Airway Maintenance only works at airports. Mr. Catanese explains that his firm has worked at the airports for fifty years now. So, after September 11, they never thought of shifting to work outside the airports. He said that, "Airline work gets in your blood, it is twenty-four seven with a lot of security and a lot

of activity with planes pulling in and out."

In times like this, he feels that everyone has to pull together. Through everything that has happened, he has tried to be supportive of both the airlines and the airports. He points out however, that his contracts are with the individual airlines. *Airway Maintenance* had to lay off approximately ten percent (10%) of their workforce because of budget cut-backs shortly after September 11. All of those people have since been hired back.

One change that *Airway Maintenance* has experienced is an increased focus on security. They now place a higher emphasis on comprehensive ten-year background checks, all employees are fingerprinted, all the employees identification cards have been replaced, and everyone was recertified. Mr. Catanese thinks the increased emphasis on security is a good thing. His firm watches their hiring practices much more carefully now.

Mr. Catanese estimates that his business is 90 to 95% back to normal at this point. He feels fortunate that his business is not dependent on the level of traffic through the airport. Like several of the other firms in this article however, the bank that he uses on a regular basis has expressed concern that he works in the

airline industry.

Mr. Catanese is "skeptical of what the future will bring...the condition of the world today." However, he feels that "If we all stick together we'll win together. Small business is what America is built on."

You can contact Airway Maintenance by phone at (718) 656-8090, by e-mail at donairway@aol.com, or by fax at (718) 244-6384. They will soon have a website developed at www.airwaymaintenance.com

CONCLUSION

As we spoke with these four small businesses that work in the transportation industry, we were impressed with the fortitude and courage they have shown. At the same time, we recognize that there are so many more small businesses who have had similar experiences and concerns. We are fortunate to have so many strong and courageous small businesses working in the transportation industry. We are truly all small, but important, pieces in the puzzle that holds our transportation industry together.



ONE DOT
Working Better Together

Expanded Small Business Administration (SBA) Disaster Loan Program Assists Small Businesses Affected By September 11

The purpose of the SBA's Disaster Loan Program is to offer financial assistance to those who are trying to rebuild their homes and businesses in the aftermath of a disaster. By offering low-interest loans, the SBA is committed to long-term recovery efforts. The agency will do everything possible to meet the needs of those otherwise unable to put their lives back together.

Over the years, fulfillment of the mission of the Small Business Administration's (SBA) Disaster Loan Program has resulted in assistance to small businesses for acts of nature many times over. The acts of terrorism on September 11 have resulted in a unique challenge for SBA to assist small businesses recovering from a disaster.

Since the attacks at the World Trade Center in New York City and the Pentagon in Virginia, the SBA has responded quickly, with a continually expanding loan program to assist recovering small businesses. Within two weeks of the attacks, SBA had already approved 48 disaster loans totaling \$4.6 million to businesses in New York City. By January 2002, the dollars had grown to \$94 million in loans to small businesses nationwide and \$233 million to small businesses in the disaster areas surrounding New York City and Virginia.

Recently SBA announced that over \$300 million in loans has been approved for over 3,841 residents and businesses in New York City alone.

The extent of the economic injury to businesses nationwide prompted SBA to expand their loan program. Initially there were two types of loans available to affected businesses: Business Physical Disaster Loans to repair or replace disaster damages to property owned by the business, and Economic Injury Disaster Loans (EIDL)

is available to small businesses that have suffered substantial injury because a key employee (including an owner and/or operator) is a reservist and has been called to active military duty.

You can learn more about the SBA Disaster Loan Program on the SBA web site at www.sba.gov/disaster. There they have information on the different types of loans available, with applications and instructions on how to apply. Contact information is offered for disaster area office locations and there is a very



to provide working capital to small businesses unable to pay bills or meet operating expenses. In December 2001, SBA added the Expanded Economic Injury Disaster Loan (EEIDL) which makes loans to small businesses that have suffered substantial economic injury as a direct result of the attacks on the World Trade Center and the Pentagon, or from subsequent actions taken by the federal government in response to those attacks. SBA also initiated the Military Reservist Economic Injury Disaster Loan (MREIDL) at the same time. This program

informative section on disaster preparedness considerations.

You can call the Disaster Area Offices as follows:

Area 1 - Niagara Falls, NY, 1-800-659-2955
 Area 2 - Atlanta, GA, 1-800-359-2227
 Area 3 - Ft. Worth, TX, 1-800-366-6303
 Area 4 - Sacramento, CA, 1-800-488-5323

For more information about all of the SBA's programs for small businesses, call the SBA Answer Desk at 1-800-U-ASK-SBA, or visit the SBA's web site at www.sba.gov.

Frequently Asked Questions on Transport Security Information

If you click the flag on the OSDBU home page at <http://osdbuweb.dot.gov/>, it will take you to a DOT web site section on *Frequently Asked Questions on Transport Security Information* at <http://ntl.bts.gov/faq/sept11.html>. Listed on this page are questions about transportation security measures developed in response to September 11th with hyperlinks to information on answers.

Examples of some of the questions referenced include:

- Where do I find info and list of air carrier payments?
- How do I contact the FAA with a comment or suggestion about air security?
- How have the events of 9/11 — and terrorism in general — affected transportation in the United States?
- What safety precautions should shippers of high-hazard materials consider?
- What changes are in store for HAZMAT CDL's?
- What steps has Secretary Mineta proposed to increase security & safety in the shipping of hazardous materials?
- Where do I find USCG info about port security?
- Where can I find out about the new Transportation Security Administration?

Included also is a hyperlink to the Comment/Questions page for the National Transportation Library at <http://ntl.bts.gov/cgi-bin/ref/ref.cgi>.

CALENDAR OF EVENTS FOR April/May 2002

DATE	EVENT	CONTACT
April 23	12th Annual OSDBU Procurement Conference at Showplace Arena Upper Marlboro, Maryland	Bob Jeffers (800) 878-2940 ext. 226 bj1@fbcddc.com http://www.treas.gov/sba/osdbu
April 29-2	Reservation Economic Summit and American Indian Trade Show New Orleans	Shirley Dichirico (480) 545-1298 ext. 228 ncaiedbigd@aol.com http://www.ncaied.org
April 29-2	12th Annual Meeting and Exposition of ITS America Long Beach, California	http://www.itsa.org/ annualmeeting.html
May 6-7	US Pan Asian American Chamber of Commerce CelebrAsian 2002 Conference New York, New York	Cherie Chiong (202) 378-1138 cherie@uspaacc.com http://www.uspaacc.com
May 6-8	Federal Aviation Administration National West Coast Procurement Opportunities Conference and Trade Show Las Vegas	Elizabeth Armstrong (888) 795-8858 http://www.asballiance.org
May 8-10	35th Annual Industry and Small Business Administration Procurement Conference Washington, DC	301-468-6008, ext. 424 http://216.26.160.105/conf/sba
May 19-22	Department of Energy 3rd Annual Small Business Conference Orlando, Florida	Myrna Turturro (202) 586-4676 myrna.turturro@hq.doe.gov http://www.small-businessoutreach. doe.gov/annual/

<http://osdbuweb.dot.gov>

US Department of Transportation
Office of the Secretary of Transportation
Base Technologies, Inc.
1749 Old Meadow Road
Suite 500
McLean, VA 22102
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